ArcSight Inc Form 4 September 25, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB APPROVAL

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Estimated average burden hours per response...

Check this box if no longer subject to Section 16.

Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

MCKEE E STANTON JR

2. Issuer Name and Ticker or Trading Symbol

ArcSight Inc [ARST]

(First) (Last)

(Middle)

3. Date of Earliest Transaction

(Month/Day/Year)

C/O ARCSIGHT, INC., 5 RESULTS 09/25/2008 WAY

(Street)

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

X_ Director 10% Owner Officer (give title Other (specify below)

6. Individual or Joint/Group Filing(Check

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

CUPERTINO, CA 95014

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

3. TransactionAcquired (A) or Code (Instr. 8)

4. Securities Disposed of (D) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following Reported

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

(A)

or

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of **Transaction**Derivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount of 8 **Underlying Securities** (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr.		Acquired or Dispose (D) (Instr. 3, 4 and 5)	ed of				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 8.3	09/25/2008		A		10,375		<u>(1)</u>	09/24/2018	Common Stock	10,375

Reporting Owners

Reporting Owner Name / Address	Relationships						
•	Director	10% Owner	Officer	Other			
MCKEE E STANTON JR C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014	X						

Signatures

/s/ Tram T. Phi as attorney-in-fact for E. Stanton
Mckee 09/25/2008

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The option vests and becomes exercisable as to 1/12th of the shares on October 25, 2008 and vests and becomes exercisable as to 1/12th (1) of the shares at the end of each full month thereafter; provided that such vesting is subject to acceleration in the event that ArcSight, Inc. is subject to a corporate transaction.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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